

ORIGINAL EXCEPTION



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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

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WILLIAM A. MUNDELL
CHAIRMAN
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COMMISSIONER

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AZ CORP COMMISSION
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IN THE MATTER OF THE APPLICATION OF
BLACK MOUNTAIN GAS COMPANY FOR
AUTHORITY TO ESTABLISH A FINANCING
AGREEMENT WITH ITS PARENT COMPANY,
XCEL ENERGY, INC.

DOCKET NO. G-03703A-01-0213

BLACK MOUNTAIN GAS COMPANY'S EXCEPTIONS TO STAFF'S PROPOSED ORDER

Black Mountain Gas Company ("BMG"), through its undersigned counsel, files the following exception to the proposed order filed on December 6, 2001 in this matter regarding authority to establish a financing agreement with its parent company, XCEL ENERGY, INC.

In the Findings of Fact No. 15, lines 17-18, the Proposed Order states that the "issuance of the requested \$6,000,000 of long-term debt will increase Black Mountain's capital structure to 57 percent long-term debt." BMG believes that the 57 percent has been miscalculated and the actual and permissible percentage of long-term debt is significantly lower.

Therefore, the amount of debt in BMG's capital structure at the end of 2001 is not 57 percent but instead 37 percent. Further even if BMG were to issue the full \$6,000,000 in long-term debt permitted by the Proposed Order, its capital structure would not include 57 percent long-term debt but instead

1 would include 44 percent long-term debt. The calculations
2 supporting these conclusions are as follows:

A.	\$3,000,000	Long-Term Debt as if 12/31/00
	<u>\$3,518,913</u>	Long-Term Debt issued by 12/31/01
	\$6,518,913	Total Long-Term debt by 12/31/01
	\$6,518,913	Total Long-Term debt by 12/31/01
	<u>\$11,269,896</u>	Equity as of 12/31/00
	\$17,788,809	Total Capital by 12/31/01
	<u>\$6,518,913</u>	
	\$17,788,809	Divide Total Long-Term debt by
		Total Capital = 36.645 percent

B.	\$3,000,000	Long-Term Debt as if 12/31/00
	<u>\$6,000,000</u>	Total Permissible Long-Term Debt
	\$9,000,000	Total Long-Term debt by 12/31/01
	\$9,000,000	Total Permissible Long-Term debt
	<u>\$11,269,896</u>	Equity as of 12/31/00
	\$20,269,896	Total Capital by 12/31/01
	<u>\$9,000,000</u>	
	\$20,269,896	Divide Total Long-Term debt by
		Total Capital = 44.40 percent

20 Therefore, the Proposed Order should be amended as
21 follows:

22 Delete page 3, lines 17 through 19 and replace it with:

23 15. Staff has determined the issuance of long term
24 debt through the end of 2001 as discussed in paragraph 6 would
25 increase Black Mountain's capital structure to 37 percent debt.
26 If Black Mountain issued the full \$6,000,000 in long-term debt
27 authorized by the order, its capital structure would be increased
28 to 44 percent debt. Staff believes that these are reasonable

1 levels of long-term debt.

2 Respectfully submitted this 14th day of December 2001.

3 FENNEMORE CRAIG, P.C.

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5 By 

Timothy Berg (No. 004170)

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8 *Attorneys for Black Mountain Gas Company*

9 ORIGINAL AND TEN COPIES of
10 the foregoing hand-delivered for filing
this 14th day of December, 2001, to:

11 ARIZONA CORPORATION COMMISSION
12 DOCKET CONTROL
1200 West Washington Street
13 Phoenix, AZ 85007

14 COPIES of the foregoing hand delivered
this 14th day of December, 2001 to:

15 Lyn Farmer, Chief Hearing Officer
16 Hearing Division
ARIZONA CORPORATION COMMISSION
17 1200 West Washington
Phoenix, Arizona 85007

18 Christopher Kempley, Chief Counsel
19 Janice M. Alward
Legal Division
20 ARIZONA CORPORATION COMMISSION
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21 Phoenix, Arizona 85007

22 Ernest G. Johnson, Director
Utilities Division
23 ARIZONA CORPORATION COMMISSION
1200 West Washington
24 Phoenix, Arizona 85007

25 COPIES of the foregoing mailed this
14th day of December, 2001 to:

26 John Reiber
27 BLACK MOUNTAIN GAS COMPANY
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28 Cave Creek, Arizona 85327

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Scott Wilensky
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Nancy, Run Set

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